



MINUTES

Public Retirement Systems Committee

December 21, 2005

MEMBERS PRESENT:

Senator Mark Ziemann, Co-chairperson
Senator Michael Connolly
Senator Steve Kettering
Senator John Kibbie
Senator Doug Shull

Representative Jeff Elgin, Co-chairperson
Representative Jack Drake
Representative Marcella Frevert
Representative Pam Jochum
Representative Walt Tomenga

MEETING IN BRIEF

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Organizational staffing provided
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- I. Procedural Business.
- II. Summary of Proposals.
- III. Defined Contribution Pension Option — Draft of Legislation.
- IV. Tobacco Settlement Fund Utilization.
- V. Recommendations.
- VI. Committee Discussion.
- VII. Materials Filed With the Legislative Services Agency.



Public Retirement Systems Committee

I. Procedural Business.

Call to Order. The third meeting day of the Public Retirement Systems Interim Study Committee was called to order at 10:43 a.m. on Wednesday, December 21, 2005, in Room 116 of the State Capitol.

Preliminary Business. Minutes from the November 2 and 3, 2005, Committee meetings were approved. Mr. Ed Cook, Senior Legal Counsel, Legislative Services Agency, summarized information relating to the Committee which has been placed on the Internet and can be accessed under a listing of interim committees on the Legislature's Internet page at <http://www.legis.state.ia.us/aspx/Committees/Committee.aspx?id=57>.

Adjournment. The Committee adjourned for the day at 11:40 a.m.

II. Summary of Proposals.

Mr. Cook distributed and summarized a series of charts for the four retirement systems listing proposals contained in legislation introduced during the 2005 Legislative Session or the 2005 Interim. The charts are available on the Internet. In response to an inquiry from Co-chairperson Elgin regarding the extent to which the charts were an accurate and complete listing of proposals, caucus staff members present indicated their agreement.

III. Defined Contribution Pension Option — Draft of Legislation.

Co-chairperson Elgin distributed a copy of a bill, LSB 5250HC, drafted for the 2006 Legislative Session, creating a defined contribution pension option for employees covered by the Iowa Public Employee's Retirement System (IPERS), and asked Mr. Cook to summarize the provisions of the draft. Mr. Cook indicated that the bill establishes an option for employees covered or eligible to be covered under IPERS to elect out of coverage under that system and into a defined contribution plan established by the Office of the Treasurer effective July 1, 2007. He discussed the bill's membership requirements for participation in the defined contribution plan, status of the plan as a qualified plan pursuant to section 401(a) of the Internal Revenue Code, plan administration, and the establishment of a defined contribution board to review and approve all contracts concerning the plan and provide ongoing review of plan providers and investment options. Additionally, Mr. Cook related that members would be immediately vested in the plan, employer and employee contributions would be based on the percentage contribution rates provided to IPERS members, and at least eight investment choices for member selection would be provided.

IV. Tobacco Settlement Fund Utilization.

Co-chairperson Elgin discussed, and subsequently distributed copies of, a memorandum sent to Speaker of the House Christopher Rants, House Majority Leader Chuck Gipp, and House Appropriations Committee Chairperson Scott Raecker, regarding potential solutions to the stalemate concerning H.F. 729. The memorandum includes a proposal to allocate approximately \$50 million in one-time revenue available from refinancing tobacco settlement bonds toward rectifying the shortfall which exists in underfunding state statutory contributions to the Judicial Retirement System, the Municipal Fire and Police Retirement System (MFPRSI), and the Peace



Officer's Retirement System (PORS). Co-chairperson Elgin indicated that he had not, as of the meeting date, received a reply, but that he felt the idea had merit and he would continue to pursue it.

V. Recommendations.

After recessing for House and Senate caucuses, the Committee reconvened and unanimously approved the following three recommendations:

- House File 729, introduced during the 2005 Session and passed by the House concerning IPERS and the Judicial Retirement System, should be rereferred to the Senate State Government Committee for consideration of passage.
- The House State Government Committee should consider the technical changes recommended by IPERS and MFPRSI and a defined contribution option plan for IPERS members. The Senate State Government Committee should consider all other proposals presented during the 2005 Session or discussed during the committee meetings in November.
- The House and Senate Appropriations committees should consider using the one-time money available from the refinancing of Iowa's tobacco settlement bonds for repaying the state's obligation to the Judicial Retirement System, MFPRSI, and PORS.

VI. Committee Discussion.

Committee discussion relating to the second recommendation after its passage included verification that the motion was inclusive of all groups and proposals, comments by Representative Frevert regarding deletion of a requested appropriation contained in a bill relating to credit for prior service under MFPRSI and her interest in having the bill considered, and comments by Representative Jochum in support of the proposal made by Mr. Jim West regarding buy-back purchase of service credit under IPERS.

Committee discussion at the conclusion of the meeting also included an inquiry regarding the status of proposals being drafted into bill form, the likelihood of additional technical requests, and a request that proposals regarding buy-backs and repurchase options be combined into one bill. The co-chairpersons stated their intention that a public retirement systems bill be sent to the Governor during the 2006 Legislative Session. Senator Connolly expressed his appreciation to the co-chairpersons for their efforts during the Committee meetings and in supporting the motions passed by the Committee.

VII. Materials Filed With the Legislative Services Agency.

The materials listed were distributed at or in connection with the December 21 meeting and are on file with the Legislative Services Agency. The materials may be accessed from the "Additional Information" link on the Committee's Internet page, previously listed earlier in these minutes:

1. IPERS Proposals Chart, submitted by Mr. Cook.
2. Judicial Retirement Proposals, submitted by Mr. Cook.



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3. PORS Proposals, submitted by Mr. Cook.
4. MFPRSI Proposals, submitted by Mr. Cook.
5. Memorandum to Speaker Rants, Majority Leader Gipp, and Chairperson Raecker, submitted by Co-chairperson Elgin.
6. Defined Contribution Pension Option bill draft, 5250HC, submitted by Co-chairperson Elgin.

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